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**Technology, Energy & Communications  
Committee**

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**HB 1007**

**Brief Description:** Creating a sustainable energy trust.

**Sponsors:** Representatives Morris, Chase, Morrell, Liias, Anderson, Upthegrove, Seaquist, Hudgins and Moeller.

**Brief Summary of Bill**

- Allows electric and natural gas utilities to collect a monthly charge from customers to support sustainable energy resources of five megawatts or less, or smart energy technologies.

**Hearing Date:** 1/26/09

**Staff:** Kara Durbin (786-7133)

**Background:**

**System Benefits Charges**

System benefits charges, also known as public benefit funds, are typically charges to all electricity customers based on consumption. System benefits charges are typically developed in states that have gone through an electric industry restructuring process. These charges are generally used to support renewable energy, energy efficiency, energy research and development, or low-income support programs.

According to the Database of State Incentives for Renewables and Efficiency, 21 states have some form of a system benefits charge. Approximately half of the states with system benefit charges rely principally upon the individual utilities to administer the programs, while the other half feature some type of non-utility administration, relying on either public or quasi-public agencies or independent non-profit organizations.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

## **Summary of Bill:**

### **Smart and Sustainable Energy Charge**

Electric and natural gas utilities may choose to collect a monthly system benefits charge (called a "smart and sustainable energy charge") from all retail electricity or natural gas customers served by the utility. The purpose of the smart and sustainable energy charge is to foster the growth, development, and commercialization of sustainable energy resources of five megawatts or less, or smart energy technologies that are connected to the distribution system of an electric utility.

"Sustainable energy resources" is defined as solar energy, wind, ocean thermal energy, wave or tidal energy, fuel cells, landfill gas and low emission advanced biomass conversion technologies, high-efficiency cogeneration with an efficiency level above 70 percent, and other emerging energy technologies that significantly reduce pollution from existing technologies and have significant potential for commercialization.

"Smart energy" is defined as the use of technology to allow electrical networks to operate efficiently and to link small-scale sustainable energy resources to the grid.

### **Sustainable Energy Trust - Consumer-Owned Utilities**

A consumer-owned utility is required to submit to its governing board for approval a Sustainable Energy Trust proposal before collecting a smart and sustainable energy charge.

A Sustainable Energy Trust proposal must contain a list of:

- proposed sustainable energy resources or smart energy technology projects;
- a project management plan for each proposed project containing technical milestones and stage-gates;
- the cost of each project;
- the amount required to be collected through a smart and sustainable energy charge to develop each project; and
- the estimated timeframe for collecting the smart and sustainable energy charge.

Upon approval of a Sustainable Energy Trust proposal, a consumer-owned utility may collect a charge for a time approved by the governing board. The smart and sustainable energy charge may be up to and no more than \$1.90 per customer per month.

Funds collected from the smart and sustainable energy charge must be used by an electric or natural gas utility to develop sustainable energy resources or smart energy technology projects as approved by a governing board.

All funds collected from the smart and sustainable energy charge must be deposited in a Sustainable Energy Trust Fund account established and maintained by the utility and separate from other accounts. Interest accrued to the account must be re-invested into the Sustainable Energy Trust Fund account and spent on sustainable energy resources or smart energy technology projects. No more than five percent of funds may be used by an utility for administrative purposes.

Beginning November 1, 2009, each consumer owned utility whose governing board has approved collection of a smart and sustainable energy charge shall submit the approved proposal

to the Department of Community, Trade, and Economic Development (CTED). The CTED will use any proposals received in developing its biennial energy report.

**Sustainable Energy Trust - Investor-Owned Utilities**

An investor-owned utility is required to submit a Sustainable Energy Trust proposal to the Washington Utilities and Transportation Commission (WUTC) and seek approval before collecting a smart and sustainable energy charge.

A Sustainable Energy Trust proposal must contain a list of:

- proposed sustainable energy resources or smart energy technology projects;
- a project management plan for each proposed project containing technical milestones and performance criteria;
- the cost of each project;
- a description of how each proposed resource or project could produce customer benefits;
- the amount required to be collected through a smart and sustainable energy charge to develop each project; and
- the estimated timeframe for collecting the smart and sustainable energy charge.

Funds collected from the smart and sustainable energy charge must be used by an electric or natural gas utility to develop sustainable energy resources or smart energy technology projects as approved by the WUTC.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.